

2522705

KITEVALE LIMITED
Financial Statements 1995



KITEVALE LIMITED

Annual Report and Financial Statements for the year ended
1st October 1995

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Directors

J. Barnes
J.F. Mallinson
G.T. Parr

Secretary and registered office

R. Taylor
1 Water Street
Manchester.
M3 4JU

Auditors

Dale Pickard & Co.
Registered Auditors and Chartered
Accountants
Bank House
4 Wharf Road
Sale
Cheshire.
M33 2AF

Company Number

Company Number 2522705 (England and Wales)

KITEVALE LIMITED

Report of the Directors' for the year ended 1st October 1995

The directors present their report together with the audited financial statements for the year ended 1st October 1995.

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year.

An interim dividend of 25.73 pence per share was paid on 13th December 1994.

The directors recommend that no final dividend be paid for the year.

Principal activities, trading review and future developments

The principal activity of the company continues to be Fish and Chip Restaurant and Takeaway Facility. The company operates a franchise area in the North West of England under the trading name "Harry Ramsden's".

The directors are satisfied with the results for the year and the financial position of the company at the year end, and expect the profitable trading to continue in the new financial year.

Fixed assets

Details of movements in fixed assets are set out in the notes to the financial statements.

In the opinion of the directors' the value of the company's freehold land and buildings is not materially different from the book value included in these financial statements.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	Ordinary Shares of £1 each	
	1995 No.	1994 No.
J. Barnes	-	-
J. F. Mallinson *	174,900	174,900
G. T. Parr	158,470	158,470

* Including shares held by a connected company.

KITEVALE LIMITED

Report of the Directors' for the year ended 1st October 1995
(Continued....)

Directors (continued..)

Messrs. J. Barnes and G. T. Parr are also directors of Harry Ramsden's plc, which owns 34% of the ordinary shares of the Company.

Employment of Disabled Persons

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the group. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company.

Employee Involvement

The flow of information to staff has been maintained by our staff newspaper. Management regularly visit branches and discuss with members of staff matters of current interest and concern to the business.

Auditors

Dale Pickard & Co. have expressed their willingness to continue in office, and a resolution to re-appoint them will be proposed at the next Annual General Meeting.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to :

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

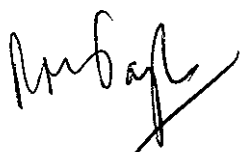
KITEVALE LIMITED

Report of the Directors' for the year ended 1st October 1995
(Continued....)

Statement of Directors' Responsibilities (continued...)

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



Secretary - R. Taylor

22nd November 1995

KITEVALE LIMITED

Report of the Auditors to the Members of Kitevale Limited.

We have audited the financial statements on pages 6 to 17 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 9.

Respective Responsibilities of the Directors and Auditors

As described on page 4 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

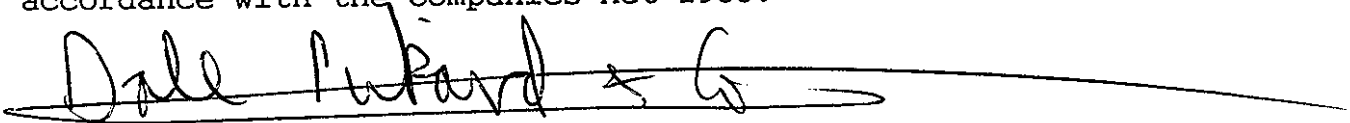
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 1st October 1995 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Dale Pickard & Co.', is written over a horizontal line.

DALE PICKARD & CO.
Registered Auditors and
Chartered Accountants
Bank House
4 Wharf Road
Sale
Cheshire.
M33 2AF

22nd November 1995

KITEVALE LIMITED

Profit and Loss Account for the year ended 1st October 1995

	Note	1st October 1995 £	2nd October 1994 £
Turnover	1	4,719,360	4,082,466
Cost of sales		2,658,054	2,249,661
Gross profit		2,061,306	1,832,805
Administrative costs		1,555,751	1,253,629
Operating profit		505,555	579,176
Interest receivable		26,425	1,822
		531,980	580,998
Interest payable	2	164,958	106,370
Profit on ordinary activities before taxation	3	367,022	474,628
Taxation	5	131,316	119,608
Profit on ordinary activities after taxation for the year		235,706	355,020
Dividend	6	136,369	-
Retained profits			
- for the year		99,337	355,020
- brought forward		718,955	363,935
		818,292	718,955

There were no recognised gains and losses other than those recognised in the profit and loss account.

The accounting policies and notes on pages 9 to 17 form part of these financial statements.

KITEVALE LIMITED

Balance Sheet at 1st October 1995

	Note	1995		1994	
		£	£	£	£
Fixed assets					
Intangible assets	7		350,120		319,464
Tangible assets	8		3,724,123		3,653,626
Investments	9		7,302		7,300
			<u>4,081,545</u>		<u>3,980,390</u>
Current assets					
Stocks	10	154,469		143,678	
Debtors	11	149,063		256,234	
Cash at bank and in hand		678,097		258,638	
		<u>981,629</u>		<u>658,550</u>	
Creditors					
Amounts falling due within one year	12	<u>2,383,752</u>		<u>2,230,820</u>	
Net current liabilities			<u>(1,402,123)</u>		<u>(1,572,270)</u>
Total assets less current liabilities			2,679,422		2,408,120
Creditors					
Amounts falling due after more than one year	13	1,012,824		1,003,271	
Provisions for liabilities and charges	14	318,306		155,894	
			<u>1,331,130</u>		<u>1,159,165</u>
			1,348,292		1,248,955
Capital and reserves					
Called up share capital	15		530,000		530,000
Profit and loss account	17		818,292		718,955
			<u>1,348,292</u>		<u>1,248,955</u>

These financial statements were approved by the Board of Directors on 22nd November 1995.

J. F. Mallinson

J. Barnes

)
) Directors
)

The accounting policies and notes on pages 9 to 17 form part of these financial statements.

KITEVALE LIMITED

Cash Flow Statement for the year ended 1st October 1995

	Note	1995	1994
		£	£
Net cash inflow from operating activities	18	597,306	928,670
Returns on investments and servicing of finance			
Interest received		26,425	1,822
Interest paid		(164,958)	(106,370)
Dividends paid		(136,369)	-
Net cash outflow from returns on investments and servicing of finance		(274,902)	(104,548)
Taxation			
Corporation tax paid (including advance corporation tax)		(27,252)	(89,526)
		295,152	734,596
Investing activities			
Payments to acquire intangible fixed assets		(75,000)	(91,874)
Payments to acquire tangible fixed assets		(222,162)	(1,671,604)
Receipts from sales of tangible fixed assets		-	67,746
Purchase of investment		(2)	(2,300)
Net cash outflow from investing activities		(297,164)	(1,698,032)
Net cash outflow before financing		(2,012)	(963,436)
Financing			
Capital element of finance			
lease payments		(105,201)	223,128
Brewery Loan		126,250	(15,000)
ECSC Loan		-	600,000
Net cash inflow from financing		21,049	808,128
Increase/(Decrease) in cash and cash equivalents	19	19,037	(155,308)

KITEVALE LIMITED

Accounting policies

Basis of accounting

There have been no changes in accounting policy during the year.

The financial statements have been prepared under the historical cost convention, and include the results of the company's operations, all of which are continuing.

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Depreciation

Freehold properties are not depreciated, it being company policy to maintain them to such a standard that the estimated residual value, based on prices prevailing at the time of acquisition or subsequent valuation, are at least equal to their book value. Any permanent diminution in the value of such properties is charged to the profit and loss account as appropriate.

Depreciation is provided to write off the cost, less estimated residual value, of all tangible fixed assets, except freehold properties over their expected useful lives. It is calculated on the original cost of the assets at the following rates:

Short leasehold improvements	Period of Lease
Plant and equipment	10.0%
Motor Vehicle	20.0%
Fixtures and fittings	10.0%
Computer	33.3%

Intangible assets

Pre-opening costs, categorised as pre-trading expenditure, are capitalised and amortised over a period of five years.

The franchise agreement, with associated legal costs, is capitalised and amortised over a period the lower of 21 years or the life of the franchise.

Stocks

Stocks are valued at the lower of cost and net realisable value.

KITEVALE LIMITED

Accounting policies (Continued).

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are split between capital and interest using the actuarial method. The interest is charged to the profit and loss account. The capital part reduces the amounts payable to the lessor

All other leases are treated as "operating leases". Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

KITEVALE LIMITED

Notes forming part of the Financial Statements for the year ended
1st October 1995

1. Turnover and profits

Turnover and profits are generated within the United Kingdom from the one continuing activity of the company, fish and chip restaurant and takeaway.

2. Interest payable

Loans wholly repayable within five years.	1995 £	1994 £
Bank loan, not by instalments	84,893	52,872
Lease interest, by instalments	30,741	25,037
ECSC Loan, not by instalments	35,840	18,818
	<u>151,474</u>	<u>96,727</u>
Loans partly repayable after five years.		
Brewery loan, by instalments	13,484	9,643
	<u>164,958</u>	<u>106,370</u>

3. Profit on ordinary activities before taxation

This is arrived at after charging:

	1995 £	1994 £
Amortisation	44,344	31,010
Depreciation of tangible fixed assets		
- owned by the company	94,546	63,566
- held under finance leases	52,805	32,759
Auditors' remuneration	8,500	8,100
Staff costs (note 4)	1,265,792	1,063,778
Loss/(Profit) on disposal of assets	4,314	(15,008)
Directors' emoluments (note 16)	14,466	-
Hire of plant and machinery	<u>36,197</u>	<u>20,439</u>

4. Employees

Staff costs consist of:	1995 £	1994 £
Wages and salaries	1,178,466	984,331
Social security costs	81,464	74,605
Other pension costs	5,862	4,842
	<u>1,265,792</u>	<u>1,063,778</u>

The average weekly number of employees during the year was as follows:

	1995 Number	1994 Number
Part time	93	67
Full time	122	128

KITEVALE LIMITED

Notes forming part of the Financial Statements for the year ended
1st October 1995 (Continued...)

5. Taxation		1995 £	1994 £
Based on profits for the year			
UK corporation tax at 28% (1994, 26%)			
current year		58,556	82,812
prior year		(89,652)	(29,504)
Deferred taxation			
current year		64,373	66,300
prior year		98,039	-
		<u>131,316</u>	<u>119,608</u>
6. Dividend		1995 £	1994 £
Interim dividend of 25.73 pence per ordinary share, paid 13th December 1994		136,369	-
7. Intangible asset			
	Franchise Agreement £	Pre-trading Expenditure £	Total £
Cost			
At beginning of year	210,333	182,825	393,158
Additions	75,000	-	75,000
	<u>285,333</u>	<u>182,825</u>	<u>468,158</u>
At end of year			
Amortisation			
At beginning of year	18,960	54,734	73,694
Charge for year	7,873	36,471	44,344
	<u>26,833</u>	<u>91,205</u>	<u>118,038</u>
At end of year			
Net book value:			
At 1st October 1995	258,500	91,620	350,120
	<u>191,373</u>	<u>128,091</u>	<u>319,464</u>
At 2nd October 1994			

KITEVALE LIMITED

Notes forming part of the Financial Statements for the year ended
1st October 1995 (Continued....)

8. Tangible assets

	Freehold Land and Buildings £	Long Leasehold Buildings £	Short Leasehold Improvements £	Equipment Fixtures & Fittings £	Total £
Cost					
At beginning of year	1,387,870	1,175,700	329,427	977,785	3,870,782
Additions	23,394	-	376	198,392	222,162
Disposals	-	-	-	(5,091)	(5,091)
At end of year	1,411,264	1,175,700	329,803	1,171,086	4,087,853
Depreciation					
At beginning of year	-	-	60,141	157,015	217,156
Charge for year	-	-	15,694	131,657	147,351
Disposals	-	-	-	(777)	(777)
At end of year	-	-	75,835	287,895	363,730
Net book value:					
At 1st October 1995	1,411,264	1,175,700	253,968	883,191	3,724,123
At 2nd October 1994	1,387,870	1,175,700	269,286	820,770	3,653,626

The net book value of Plant and Equipment includes an amount of £417,514 (1994: £470,319) in respect of assets held under finance leases for which depreciation of £52,805 (1994: £32,759) has been charged during the year.

9. Investments

	1995 £	1994 £
Investments, at cost	7,302	7,300

During the year the company acquired 2 ordinary shares of £1 each in Design Exchange (Liverpool) Limited, a company registered in England and Wales. This represents 20% of the ordinary shares in issue.

KITEVALE LIMITED

Notes forming part of the Financial Statements for the year ended
1st October 1995 (Continued....)

10. Stocks	1995 £	1994 £
Goods for resale	63,708	63,172
Consumable stock	90,761	80,506
	<u>154,469</u>	<u>143,678</u>

The replacement cost of the stock is not materially different.

11. Debtors	1995 £	1994 £
Trade debtors	7,896	3,336
Other debtors	66,187	35,704
Prepayments	74,980	117,577
Insurance Debtor	-	99,617
	<u>149,063</u>	<u>256,234</u>

All amounts shown under debtors fall due for payment within one year.

12. Creditors falling due within one year	1995 £	1994 £
Trade creditors	388,909	322,384
Other creditors	150,538	151,576
Creditors for taxation and social security	31,914	35,420
Value Added Tax	149,247	209,347
Bank overdraft	1,324,170	923,748
Brewery Loan (Note 13)	30,000	15,000
Obligations under finance leases (Note 13)	101,738	105,242
Accruals	182,772	207,291
Land purchase accrual	-	140,000
Corporation Tax	24,464	82,812
Merseyside Development Corporation	-	38,000
	<u>2,383,752</u>	<u>2,230,820</u>

The bank loan is secured by a floating charge over the assets of the company.

KITEVALE LIMITED

Notes forming part of the Financial Statements for the year ended
1st October 1995 (Continued....)

13. Creditors falling due after more than one year

	1995	1994
	£	£
Brewery Loan	221,250	110,000
Obligations under finance leases	191,574	293,271
ECSC Loan	600,000	600,000
	<u>1,012,824</u>	<u>1,003,271</u>

Two Brewery Loans are outstanding at the year end. The first is for ten years, with monthly capital repayments of £1,250, expiring in July 2002. The second is also for 10 years with monthly capital repayments of £1,250 expiring in February 2005.

The finance leases are secured on the assets concerned. The future minimum payments to which the company is committed under finance leases are as follows:

	1995	1994
	£	£
Within one year	128,214	133,638
Between one and two years	128,005	128,006
Between two and five years	114,173	242,268
	<u>370,392</u>	<u>503,912</u>
Interest included above	77,080	105,399
	<u>293,312</u>	<u>398,513</u>
	<u>101,738</u>	<u>105,242</u>
Obligations payable within one year		
	<u>191,574</u>	<u>293,271</u>
Obligations payable after one year		

The European Coal & Steel Community Loan (ECSC) is due to be repaid on 31st July 1998. The interest charged is 8.13% per annum, with a rebate depending on the number of jobs created. The loan is secured by a floating charge over the assets of the company.

14. Provision for liabilities and charges	1995	1994
	Total potential liability and amount provided	Total potential liability and amount provided
	£	£
Deferred taxation		
Accelerated capital allowances	221,737	63,619
Other timing differences	96,569	92,275
	<u>318,306</u>	<u>155,894</u>
15.		

KITEVALE LIMITED

Notes forming part of the Financial Statements for the year ended
1st October 1995 (Continued....)

15. Share capital	Authorised, Issued and fully paid	
	1995	1994
	£	£
Ordinary shares of £1 each	530,000	530,000

16. Transactions with Directors

During the year the company purchased the following services at normal commercial terms, with the following connected companies:

	Harry Ramsden's plc £	All Age Leisure Limited £
Management services	<u>330,349</u>	<u>12,671</u>

Mr J. Barnes and Mr G.T Parr are also directors of Harry Ramsden's plc, which itself owns 34% of the ordinary share capital of Kitevale Limited.

Mr J.F. Mallinson has a 100% interest in the ordinary share capital of All Age Leisure Limited.

17. Reconciliation of movement in shareholders funds	1995 £	1994 £
Profit for the year	235,706	355,020
Dividend	(136,369)	-
Net addition for the year	99,337	355,020
Shareholders funds at beginning of year	718,955	363,935
Shareholders funds at end of year end	818,292	718,955

18. Reconciliation of operating profit to net cash inflow from operations.	1995 £	1994 £
Operating profit	505,555	579,176
Depreciation charges	147,351	96,325
Amortisation charges	44,344	31,010
Increase in stocks	(10,791)	(59,079)
Decrease/(Increase) in debtors	107,171	(178,424)
(Decrease)/Increase in creditors	(200,638)	474,670
Loss/(Profit) on sale of assets	4,314	(15,008)
	597,306	928,670

KITEVALE LIMITED

Notes forming part of the Financial Statements for the year ended
1st October 1995 (Continued....)

19. Analysis of changes in cash and cash equivalents during the year

	1995 £	1994 £
Balance at beginning of year	(665,110)	(509,802)
Net cash inflow/(outflow)	19,037	(155,308)
	<u> </u>	<u> </u>
Balance at end of year	(646,073)	(665,110)
	<u> </u>	<u> </u>

20. Analysis of the balance of cash and cash equivalents as shown in the balance sheet

	1995	1994	Change	1994	1993	Change
Cash at bank & in hand	678,097	258,638	419,459	258,638	7,290	251,348
Bank overdraft	(1,324,170)	(923,748)	(400,422)	(923,748)	(517,092)	(406,656)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	(646,073)	(665,110)	19,037	(665,110)	(509,802)	(155,308)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

21. Analysis of changes in financing during the year

	ECSC Loan £	Finance Leases £	Brewery Loan £	Total £
Balance at beginning of year	600,000	398,513	125,000	1,123,513
New agreements	-	-	150,000	150,000
Cash outflow	-	(105,201)	(23,750)	(128,951)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at end of year	600,000	293,312	251,250	1,144,562
	<u> </u>	<u> </u>	<u> </u>	<u> </u>